

**STATE OF SOUTH CAROLINA**

Notification of Proposed Subdivision and Request for  
Waiver of Bid Requirement to Transfer Real Property  
between South Carolina Electric & Gas Company and  
Okeetee Club, Inc.

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**COVER SHEET**

**DOCKET**

**NUMBER: 2010 - \_\_\_\_ - E**

(Please type or print)

**Submitted by:** K. Chad Burgess

**SC Bar Number:** 69456

**Address:** SCANA Corp.

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**Other:** \_\_\_\_\_

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

**DOCKETING INFORMATION** (Check all that apply)

☐ **Emergency Relief demanded in petition**      ☐ **Request for item to be placed on Commission's Agenda expeditiously**

☐ **Other:** \_\_\_\_\_

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input checked="" type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



K. Chad Burgess  
Associate General Counsel

[chad.burgess@scana.com](mailto:chad.burgess@scana.com)

November 4, 2010

**VIA ELECTRONIC FILING**

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive (29210)  
Post Office Drawer 11649  
Columbia, South Carolina 29211

RE: Notification of Proposed Subdivision and Request for Waiver of Bid Requirement  
to Transfer Real Property between South Carolina Electric & Gas Company and  
Okeetee Club, Inc.  
Docket No. 2010-\_\_\_\_\_-E

Dear Ms. Boyd:

By Order No. 92-931 ("Order"), dated November 13, 1992, issued in Docket No. 89-230-E/G, the Public Service Commission of South Carolina ("Commission") approved certain recommendations and reporting requirements regarding real property owned by South Carolina Electric & Gas Company ("SCE&G" or "Company"). Among the recommendations and reporting requirements relating to real property, the Order requires SCE&G (i) to file a proposed partitioning of a tract of land with the Commission for review if the tract of land is subdivided into parcels having a market value of less than \$150,000 and (ii) to engage in a competitive bidding process for sales of property with an appraised value in excess of \$50,000 ("Bid Requirement"). See Appendix A to Order, pp. 20-21. SCE&G hereby notifies the Commission of the proposed subdivision of a tract of land into two parcels—one of which has a market value of less than \$150,000; and for the reasons stated below, SCE&G respectfully requests that the Commission issue an Order authorizing SCE&G to exchange certain real property without engaging in the Bid Requirement.

**Background**

In March 2001, SCE&G obtained an option from Linda A. Hartough to purchase 213.6 acres of real property on which the Jasper Generating Station now sits. As part of their agreement, Ms. Hartough also granted SCE&G an option to purchase whatever interest she had in an adjacent 56.525-acre tract in Jasper County, South Carolina known as the Norton Tract. On August 28, 2009, after many years of litigation concerning the validity of the Norton Tract option and the ownership of the Norton Tract, SCE&G entered into a settlement agreement with

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Ms. Hartough and the Norton Heirs, whereby SCE&G agreed to pay \$135,000 to Ms. Hartough and \$295,000 to the Norton Heirs for their interest in the Norton Tract and Ms. Hartough and the Norton Heirs relinquished any right, title, or interest in the Norton Tract. SCE&G subsequently obtained a special referee's deed ordering that the 56.525-acre Norton Tract be sold to SCE&G for \$430,000 (\$7,607.25/acre). The Norton Tract is split by Purrysburg Road into two smaller tracts—a 19.461-acre parcel on the west side of Purrysburg Road and a 37.064-acre parcel on the east side of Purrysburg Road. The 19.461-acre parcel ("SCE&G Retained Parcel") is adjacent to property owned by SCE&G—specifically, the property on which the Jasper Generating Station is situated—and the 37.064-acre parcel ("SCE&G Transfer Parcel") is adjacent to property owned by Okeetee Club, Inc. ("Okeetee"). The Norton Tract is classified as non-utility property. As such, the property is not included in SCE&G's rate base, and the Company does not include any costs associated with this property in any utility rates or rate calculations.

Okeetee owns a parcel of land consisting of 16.524 acres ("Okeetee Transfer Parcel") in Jasper County, South Carolina. This parcel is adjacent to a Company-owned tract, which is adjacent to the land on which the Jasper Generating Station sits. If the per acre value of this site is assumed to be equal to the per acre value of the Norton Tract (\$7,607.25/acre), then the total value of the Okeetee Transfer Parcel is approximately \$125,702. Attached to this letter, as Exhibit 1, is an aerial photograph which depicts the SCE&G Retained Parcel and the SCE&G and Okeetee Transfer Parcels.

The Company has entered into discussions with Okeetee, proposing a land swap whereby both parties would consolidate their respective land ownerships in the vicinity of the Jasper Generating Station in Jasper County. The proposed exchange would allow SCE&G to swap the SCE&G Transfer Parcel on east side of Purrysburg Road for the Okeetee Parcel adjacent to its Jasper Generating Station.

The SCE&G Transfer Parcel has a value in excess of \$50,000 (37.064 acres x \$7,607.25/acre = \$281,955), which triggers certain requirements related to the Company's disposition of the parcel.

### **Notification of Subdivision**

In Order No. 92-931, the Commission articulated a requirement that SCE&G must file a proposed partitioning of a tract of land with the Commission for review if the tract of land is subdivided into parcels having a market value of less than \$150,000. In this case, the Company proposes to subdivide the Norton Tract into the SCE&G Retained Parcel and the SCE&G Transfer Parcel to facilitate the acquisition of the Okeetee Parcel adjacent to the Jasper Generating Station. Because the SCE&G Retained Parcel has a value of \$148,044.69 (19.461 acres x \$7,607.25/acre), the Company hereby presents the proposed partitioning of the 56.525-acre Norton Tract to the Commission for review.

(Continued...)

### **Request for Waiver**

In Order No. 92-931, the Commission also articulated a requirement that if SCE&G seeks to sell real property in excess of \$50,000, then the Company must engage in a competitive bid process. The competitive bid process is outlined in detail in the Order. *See* Appendix A to Order, pp. 20-21. The Company understands that the purpose and intent of the Order is to protect against affiliate preferences and to insure that SCE&G disposes of real property in a manner that promotes fair and equitable treatment of the parties to the transaction, potential bidders, and SCE&G's customers.

In the present case, SCE&G is unaffiliated with Okeetee, the entity to which it will transfer the SCE&G Transfer Parcel. Moreover, although the Okeetee Transfer Parcel is estimated to be \$156,253 less in value than the SCE&G Transfer Parcel (using the per acre value of the Norton Tract for both parcels), the Okeetee Transfer Parcel that SCE&G is receiving is much more valuable to SCE&G than the SCE&G Transfer Parcel that SCE&G is conveying to Okeetee because of the Okeetee Transfer Parcel's proximity to the Jasper Generating Station. The acquisition of the Okeetee Transfer Parcel by the Company would facilitate expansion of the Jasper Generating Station should the Company decide to pursue such an expansion in the future. Since there are no current plans to expand the Jasper Generating Station, the Company would maintain the Okeetee Transfer Parcel in its current state allowing it to serve as a natural buffer for the plant.

If the Commission grants SCE&G's request herein, then SCE&G would classify the acquired Okeetee Transfer Parcel as utility property because it would be serving as a natural buffer for the Jasper Generating Station. Further, the Company would later seek to include the acquired Okeetee Transfer Parcel as part of its rate base during its next general rate case proceeding at a cost of the value of the property. At the present time, SCE&G has not made a decision as to when the Company will seek to include this asset as part of its rate base. *See generally* Commission Order No. 2010-471 (ordering that SCE&G shall not seek an increase to its non-fuel base rates and charges to be effective prior to June 2012, except as to those increases requested pursuant to S.C. Code Ann. § 58-27-865 and § 58-33-280, or as part of SCE&G's DSM/EE programs or where necessary due to unforeseen economic or financial conditions).

Based upon the foregoing, SCE&G respectfully requests that the Commission issue an order authorizing SCE&G to exchange the SCE&G Transfer Parcel that it owns in Jasper County on the east side of Purrysburg Road for the Okeetee Transfer Parcel without engaging in a competitive bid process.

By copy of this letter, we are also notifying the South Carolina Office of Regulatory Staff of the Company's proposed subdivision of the Norton Tract and its request for a waiver of the Bid Requirement for the sale of the SCE&G Transfer Parcel.

(Continued...)

The Honorable Jocelyn G. Boyd

November 4, 2010

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If you have any questions, please advise.

Very truly yours,

A handwritten signature in black ink, appearing to read "K. Chad Burgess", with a stylized flourish at the end.

K. Chad Burgess

KCB/kms

Enclosure

cc: John W. Flitter  
A. Randy Watts  
Jeffrey M. Nelson, Esquire  
(all via Electronic Mail and First Class U.S. Mail)



# Proposed SCE&G-Okeetee Property Exchange

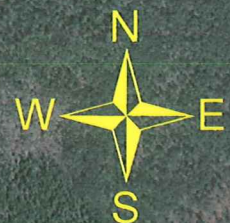
SCE&G Retained Parcel  
19.461 Acres

SCE&G Transfer Parcel  
37.064 Acres

SCE&G Jasper  
Generating Station

SCE&G Existing  
Laydown Area

Okeetee Transfer Parcel  
16.524 Acres



1 inch = 1,200 feet